Schedule-I

[SEE REGULATION 19.2]

BASE MINIMUM CAPITAL (BMC) TO BE MAINTAINED BY A SECURITIES BROKER

Required value of Base Minimum Capital:

(1) Every 'Online Only Securities Broker' shall maintain an amount of PKR 1 Million as BMC with the Exchange in any forms of collaterals mentioned in Table B below.

(2) Every 'Trading Only Securities Broker' shall maintain an amount of PKR 5 million as BMC with the Exchange in any of the forms of collaterals mentioned in **Table B** below.

(3) Every 'Trading Only Securities Broker' keeping custody for its proprietary and directors, sponsors, and their relatives, 'Trading and Self-Clearing Broker' and 'Trading and Clearing Broker' shall maintain BMC as per the slabs mentioned in **Table A** below with the Exchange which shall be determined based on the Assets Under Custody (AUC) which is same as the Custody Position held under its Participant Account with CDC:

Table A

Clients' AUC (in PKR)		Required Amount of BMC (in PKR)
From	To	
0	25,000,000	8,000,000
25,000,001	50,000,000	8,000,000 + 10% of excess over 25,000,001
50,000,001	100,000,000	10,500,000 + 5% of excess over 50,000,001
100,000,001	200,000,000	13,000,000 + 3% of excess over 100,000,001
200,000,001	400,000,000	16,000,000 + 1.5% of excess over 200,000,001
400,000,001	800,000,000	19,000,000 + 0.75% of excess over 400,000,001
800,000,001	1,600,000,000	22,000,000 + 0.375% of excess over 800,000,001
1,600,000,001	3,200,000,000	25,000,000 + 0.1875 of excess over 1,600,000,001
3,200,000,001	6,400,000,000	28,000,000 + 0.0937% of excess over 3,200,000,001
6,400,000,001	10,000,000,000	31,000,000 + 0.0833% of excess over 6,400,000,001
10,000,000,001	25,000,000,000	34,000,000 + 0.02% of excess over 10,000,000,001
Over 25,000,000,000		37,000,000 + 0.014% of excess over 25,000,000,001

Provided that the above AUC slabs shall not exceed the Maximum Custody Limits allowed to a Securities Broker under the Securities Brokers (Licensing and Operations) Regulations, 2016 in terms of the Capital Adequacy Level of such Securities Broker as provided by the CDC in its Regulations. The terms, 'Custody Position', 'Maximum Custody Limit' and 'Capital Adequacy Level' shall have the same meanings as ascribed thereto under the CDC Regulations.

Forms of BMC:

The Securities Broker may maintain the BMC in any one or more of the following forms of collaterals mentioned in Table B below in order to meet the required value of BMC:

Table B

S.#	Form
1	Cash.
2	Bank Guarantee.
3	Margin Eligible Securities, which include Treasury Bills (T-Bills) and Pakistan Investment Bonds (PIBs), after applying Haircut as prescribed by NCCPL from time to time.
4	Electronic units of CDC eligible Open-End Funds categorized as Money Market Schemes to be valued as per the methodology and after applying haircut specified by the NCCPL from time to time.
5	Shares of the Exchange pledged in favour of the Exchange.
6	Shares of the Exchange and/ or Excess Margin Eligible Securities available in the respective Sub-Account(s) of the relevant Securities Broker's: (i) Directors; (ii) Chief Executive Officer; or (iii) any other individual who holds at least 10% shares of such Securities Broker. **NOTE:** The individuals mentioned in 6(i), (ii) and (iii) above shall be referred to as "Pledgor" in this SCHEDULE and FORM-I attached thereto.
7	Shares of surviving entities of Lahore Stock Exchange (LSE) and/or Islamabad Stock Exchange (ISE) pursuant to the Scheme of Integration approved by the Commission, maximum up to 100% of shares allotted to an initial shareholder of respective entity.

Notes:

1. In case the BMC is maintained in the form 7, or in the form of equivalent value of any one or more of other forms of collateral as mentioned above, by a TRE Certificate Holder inducted by the Exchange pursuant to the Scheme of Integration approved by the Commission and the combined value of these forms of collateral is insufficient to meet the required value of BMC, respective TRE Certificate Holder shall provide/arrange additional Cash and /or Bank Guarantee or Margin Eligible Securities including bank guarantee from the trust funds as provided in the Stock Exchanges (Corporatization, Demutualization and Integration) Regulations, 2012.

2. For the purpose of form 6 mentioned above, the Pledgor shall authorize the Securities Broker in writing as specified in FORM-I, specifying the number of shares and time duration, if any, for utilizing shares of the Exchange and excess Margin Eligible Securities available in their respective Sub-Account(s) for meeting the BMC requirement of such Securities Broker.

3. The Exchange shall pass on profit to Securities Broker on the cash amount deposited with the Exchange against BMC at the rate paid by the respective bank(s) after retaining service charge as notified by the Exchange from time to time.

Review and Updation of BMC

1. The Exchange shall determine the required Value of BMC for each Securities Broker on the first working day of every month on the basis of Client's AUC of such Securities Broker as of the last working day of the preceding month.

2. The Securities Broker shall be required to fulfill any shortfall in the BMC within next five (5) working days of the issue of notice by the Exchange.

Valuation of collateral forming part of BMC (Interim Review)

1. Mark-to-Market value of the Margin Eligible Securities and shares of the Exchange shall be conducted on daily basis.

   Provided that the shares of Exchange shall be valued at break-up or market price, whichever is higher, subject to application of a fixed haircut of 30%.

2. Value of the shares of the surviving entities of LSE and ISE shall be lower of the last transaction price or break-up value determined semi-annually based on break-up value per share as per half-yearly reviewed and annual audited financial statements of the surviving entities after applying 30% haircut on such break-up value. However, where the last transaction price is older than six months, then the break-up value as mentioned above shall be considered subject to higher haircut of 50%.

The Exchange shall also disseminate the information pertaining to point 2 above to the market participants.

Provided that in case value of collateral deposited by a Securities Broker to meet its BMC requirement falls below its required value at trading day end, the Exchange shall require such Securities Broker to deposit the shortfall in any of the forms as mentioned above within one trading day, failing which the Exchange shall restrict/suspend trading rights of such Securities Broker till the time the Securities Broker fulfills its BMC requirement.

Utilization of BMC in the event of default by a Broker or cancellation/forfeiture of its TRE Certificate:

In case of declaration of a Securities Broker as defaulter or cancellation/forfeiture of its TRE Certificate under the applicable regulations of the Exchange, the Exchange shall utilize the proceeds of collaterals deposited to meet BMC requirement in accordance with the applicable regulations of the Exchange and in terms of the letter of pledge/undertaking/lien mark, where applicable.